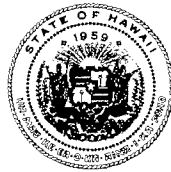


LINDA LINGLE
GOVERNOR



**STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

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FOR IMMEDIATE RELEASE: February 13, 2007

**RATE REDUCTIONS AND NEW BENEFIT PLAN OPTIONS FOR PUBLIC
EMPLOYEES TO SAVE \$8 MILLION**

HONOLULU – Today the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) announced its benefit plans and rates for the plan year beginning July 1, 2007. On average, rates for active employees enrolled in the EUTF's PPO (Preferred Provider Organization) medical and prescription drug plans will decrease by 4% to 6%, resulting in total savings estimated at more than \$8 million. Overall, including increased HMO and retiree rates, the EUTF expects total costs for its plans to increase by 2.7% (approximately \$13.4 million) for the 2007-08 plan year compared to the current 2006-07 plan year. The new plan options and rates resulted from a competitive procurement process that began in August 2006 and culminated in November 2006.

Beginning July 1, 2007, the EUTF will offer self-funded medical and prescription drug plans, administered by HMSA, HMA (Health Management Associates), and NMHC (National Medical Health Card Systems). For most active employees, rates for the self-funded medical and prescription drug plans will be lower than their counterparts during the current plan year. For active employee plans, Kaiser rates will increase by an average of 6.6%, Hawaii Dental Service rates will drop by 6.0%, and Vision Service Plan rates will increase by 7.9%. Employer and employee contributions for active employee health benefit plans will be determined by collective bargaining.

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EUTF Announces Rate Reductions and New Benefit Plan Options for Public Employees to Save \$8 Million

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After two successive years of rate decreases, EUTF retiree rates for the self-funded medical and prescription drug plans will increase, depending on the plan selected, by an average of 4 - 6 % for early retirees and by an average of 6 – 8 % for retirees enrolled in Medicare. Even with the rate increases, retiree rates for the EUTF retiree PPO plans remain lower than the 2004-2005 plan year rates. Rates for retirees enrolled in Kaiser will increase by an average of approximately 6% over the current year. Employers (State and counties) pay the full cost of health benefits plans for all but 500 of the approximately 36,000 retirees enrolled in EUTF plans.

“Our Trustees represent both employers and employees, and we understand the importance of controlling costs, so that our public employees and retirees can continue to receive health benefits that meet community standards at a cost that is affordable both to the employees and the employers,” said Mark Recktenwald, chair of the EUTF Board of Trustees.. “The Board of Trustees will continue to look for improved methods of providing health care in a cost effective manner.”

In recognition of the sacrifices made by police officers and the fact that their health claims costs have been consistently lower than for the average employee in the EUTF, the Board voted to establish separate rates for the police officers’ bargaining unit. For the 2007-2008 plan year, rates for police officers will be about 5% below those for other active employees for the self-funded PPO plans and about 16% below others for the Kaiser plans.

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The EUTF Board also voted to revise the current single/family rate structure to provide lower rates for employees who enroll only one dependent in the EUTF plans, who had been paying the same rates as employees with three or more family members. Institution of the new two-party rate will mean a decrease of over 20% in PPO rates for employees in that category (employee and spouse or employee and one child). For single employees, PPO rates will decline by 4 – 6%, while family rates will increase by 1 – 3% (depending on the plan selected). The addition of the new two-party rate will bring the EUTF in line with the approach taken by most private sector employers in the community. Attached is a full list of rates for all plans, including current 2006 – 2007 rates where applicable.

The EUTF issued a Request for Proposals (RFP) in August 2006 seeking proposals to provide benefit plans effective July 1, 2007. Twenty-three companies submitted proposals for one or more benefit plans. The EUTF Board formed an evaluation committee including all ten trustees. After a rigorous review process the evaluation committee recommended and the Board approved award of contracts for twelve benefit plans. The full list of contract awards is attached. New plans include a High Deductible Health Plan that will give public employees the opportunity to participate in Health Savings Accounts, two additional HMO plans, and an additional PPO plan.

The new EUTF contracts provide for a shift from insured plans to self-funded plans for all medical and prescription drug plans, except Kaiser and a dual-coverage plan insured by Royal State. “The decision to move to self-funded medical and prescription drug plans gives the Board direct control over the rates and benefits offered to public employees and retirees,” said

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Recktenwald. "This change is another step forward to provide the best benefits possible at the most reasonable cost." Under self-funded arrangements, the EUTF contracts with plan administrators for provider networks, claims processing, cost containment and other services. Instead of premiums, the EUTF pays administrative fees to the contractor and reimburses the contractor only for claims actually paid.

The EUTF provides health benefits to approximately 53,000 active State and county employees and 36,000 retirees from public employment.

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For further information, contact:
Jim Williams, EUTF Administrator
Phone: 587-5434

**EUTF Rate Summary
FY2007 and FY2008**

Active Employees

All Bargaining Units Except Unit 12		2006-07 Premium	2007-08 Premium
Benefit Plan			
MEDICAL/PRESCRIPTION DRUG (Rx)/CHIROPRACTIC BENEFIT PLANS			
HMSA PPO/HMSA Rx/MBAH Chiro (06-07)	Single	\$257.90	\$247.24
HMSA PPO/NMHC Rx/RSN Chiro (07-08)	2-Party	\$776.38	\$617.92
	Family	\$776.38	\$801.22
HMA PPO/NMHC Rx/RSN Chiro (07-08)	Single	No Plan	\$242.46
	2-Party	No Plan	\$605.94
	Family	No Plan	\$785.74
Kaiser HMO/Rx/MBAH Chiro (06-07)	Single	\$268.12	\$286.00
Kaiser HMO/Rx/RSN Chiro (07-08)	2-Party	\$803.14	\$715.66
	Family	\$803.14	\$927.16
Kaiser HMO - Low Option/Rx/RSNChiro (07-08)	Single	No Plan	\$259.24
	2-Party	No Plan	\$648.46
	Family	No Plan	\$840.20
HMSA-HMO/Rx/RSN Chiro (07-08)	Single	No Plan	\$260.04
	2-Party	No Plan	\$649.94
	Family	No Plan	\$842.82
HMSA HDHP/Rx (07-08)	Single	No Plan	\$218.16
	2-Party	No Plan	\$545.80
	Family	No Plan	\$708.72
HMSA Dual/Rx/MBAH Chiro (06-07)	Single	\$144.34	\$142.12
HMSA Dual/NMHC Rx/RSN Chiro (07-08)	2-Party	\$439.06	\$356.80
	Family	\$439.06	\$467.84
Royal State Dual/Rx/MBAH Chiro (06-07)	Single	\$43.04	\$50.12
Royal State Dual/Rx/RSN Chiro (07-08)	2-Party	\$132.86	\$123.22
	Family	\$132.86	\$139.12
PRESCRIPTION DRUG PLAN			
HMSA Rx Only (06-07)	Single	\$49.50	\$44.72
NHMC Rx Only (07-08)	2-Party	\$152.30	\$113.14
	Family	\$152.30	\$154.96
DENTAL PLANS			
Hawaii Dental Service	Single	\$28.86	\$27.26
	2-Party	\$82.44	\$54.52
	Family	\$82.44	\$89.74
VISION PLANS			
Vision Service Plan	Single	\$5.72	\$6.04
	2-Party	\$12.28	\$11.16
	Family	\$12.28	\$14.60

**EUTF Rate Summary
FY2007 and FY2008**

Active Employees

Bargaining Unit 12 (Police Officers)		2006-07 Premium	2007-08 Premium
Benefit Plan			
MEDICAL/PRESCRIPTION DRUG (Rx)/CHIROPRACTIC BENEFIT PLANS			
HMSA PPO/HMSA Rx/MBAH Chiro (06-07)	Single	\$257.90	\$235.08
HMSA PPO/NMHC Rx/RSN Chiro (07-08)	2-Party	\$776.38	\$587.42
	Family	\$776.38	\$761.72
HMA PPO/NMHC Rx/RSN Chiro (07-08)	Single	No Plan	\$230.30
	2-Party	No Plan	\$575.44
	Family	No Plan	\$746.24
Kaiser HMO/Rx/MBAH Chiro (06-07)	Single	\$268.12	\$246.84
Kaiser HMO/Rx/RSN Chiro (07-08)	2-Party	\$803.14	\$617.38
	Family	\$803.14	\$799.88
Kaiser HMO - Low Option/Rx/RSNChiro (07-08)	Single	No Plan	\$222.08
	2-Party	No Plan	\$555.18
	Family	No Plan	\$719.36
HMSA-HMO/Rx/RSN Chiro (07-08)	Single	No Plan	\$260.04
	2-Party	No Plan	\$649.94
	Family	No Plan	\$842.82
HMSA HDHP/Rx (07-08)	Single	No Plan	\$218.16
	2-Party	No Plan	\$545.80
	Family	No Plan	\$708.72
HMSA Dual/Rx/MBAH Chiro (06-07)	Single	\$144.34	\$142.12
HMSA Dual/NMHC Rx/RSN Chiro (07-08)	2-Party	\$439.06	\$356.80
	Family	\$439.06	\$467.84
Royal State Dual/Rx/MBAH Chiro (06-07)	Single	\$43.04	\$50.12
Royal State Dual/Rx/RSN Chiro (07-08)	2-Party	\$132.86	\$123.22
	Family	\$132.86	\$139.12
PRESCRIPTION DRUG PLAN			
HMSA Rx Only (06-07)	Single	\$49.50	\$33.82
NHMC Rx Only (07-08)	2-Party	\$152.30	\$85.44
	Family	\$152.30	\$117.10
DENTAL PLANS			
Hawaii Dental Service	Single	\$28.86	\$27.26
	2-Party	\$82.44	\$54.52
	Family	\$82.44	\$89.74
VISION PLANS			
Vision Service Plan	Single	\$5.72	\$6.04
	2-Party	\$12.28	\$11.16
	Family	\$12.28	\$14.60

**EUTF Rate Summary
FY2007 and FY2008**

Retirees

Benefit Plan		2006-07 Premium	2007-08 Premium
MEDICAL/PRESCRIPTION DRUG (Rx)/CHIROPRACTIC BENEFIT PLANS			
Non-Medicare			
HMSA PPO/Rx (06-07)	Single	\$315.42	\$399.34
HMSA PPO/NMHC Rx (07-08)	2-Party	\$882.28	\$798.66
	Family	\$882.28	\$1,198.00
HMA PPO/NMHC Rx (07-08)	Single	No Plan	\$391.02
	2-Party	No Plan	\$782.04
	Family	No Plan	\$1,173.08
Kaiser HMO/Rx	Single	\$348.20	\$460.80
	2-Party	\$1,044.56	\$922.30
	Family	\$1,044.56	\$1,382.42
Medicare			
1/1/07 to 6/30/07 Rates	Single	\$165.08	\$289.08
HMSA PPO/Rx (06-07)	2-Party	\$585.20	\$578.16
HMSA PPO/NMHC Rx (07-08)	Family	\$585.20	\$867.26
HMA PPO/NMHC Rx (07-08)	Single	No Plan	\$286.16
	2-Party	No Plan	\$572.30
	Family	No Plan	\$858.46
Kaiser HMO/Rx	Single	\$164.40	\$215.76
	2-Party	\$493.12	\$431.82
	Family	\$493.12	\$647.30
NON-MEDICARE AND MEDICARE DENTAL PLAN			
Hawaii Dental Service	Single	\$29.20	\$28.18
	2-Party	\$58.56	\$54.96
	Family	\$58.56	\$67.46
NON-MEDICARE AND MEDICARE VISION PLAN			
Vision Service Plan	Single	\$4.68	\$4.42
	2-Party	\$10.06	\$8.82
	Family	\$10.06	\$11.84

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)
HEALTH AND LIFE INSURANCE BENEFIT PLANS AND/OR ADMINISTRATIVE SERVICES FOR ACTIVE
EMPLOYEES AND RETIREES**

**CONTRACT AWARDS APPROVED BY
BOARD OF TRUSTEES**

BENEFIT PLAN	CONTRACT AWARD	EXCLUSIVE?	FUNDING BASIS	NOTES
CHIROPRACTIC	Royal State National	Yes	Insured	Actives only.
DENTAL	Hawaii Dental Service (HDS)	Yes	Insured	
VISION	Vision Service Plan (VSP)	Yes	Insured	
DUAL MEDICAL	Royal State National	No	Insured	Actives only.
DUAL MEDICAL	Hawaii Medical Services Association (HMSA)	No	Self-funded	Actives only.
HIGH DEDUCTIBLE HEALTH PLAN / PRESCRIPTION DRUG	Hawaii Medical Services Association (HMSA)	Yes	Self-funded	Actives only.
HMO – MEDICAL / PRESCRIPTION DRUG	Kaiser Permanente	No	Insured	2 Plans – Regular and Low Option.
HMO – MEDICAL / PRESCRIPTION DRUG	Hawaii Medical Services Association (HMSA)	No	Self-funded	Actives only.
PPO – MEDICAL	Health Management Associates (HMA)	No	Self-funded	
PPO – MEDICAL	Hawaii Medical Services Association (HMSA)	No	Self-funded	
PRESCRIPTION DRUG	National Medical Health Card Systems (NMHC)	Yes	Self-funded	
LIFE INSURANCE	Standard Insurance Company	Yes	Insured	